

Message Text

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C O N F I D E N T I A L ASMARA 0103

E.O. 11652: GDS

TAGS: ECON ELTN ET

SUBJECT: TRANSPORTATION IN ERITREA

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REF: USDAO ADDIS ABABA 280730Z JAN 76, ASMARA 0024 (DTG 121105Z
JAN 76)

1. THERE APPEARS TO BE GENERAL MISCONCEPTION ABOUT TRANSPORTATION
SITUATION IN ERITREA WHICH COMES FROM COMMENTS VARIETY OF SOURCES
WHO LACK FIRSTHAND INFORMATION ON CURRENT SITUATION. IF EFFORT
TO CORRECT THESE MISCONCEPTIONS, CONGEN HAS AGAIN REVIEWED
PRESENT SITUATION IN TRANSPORTATION SECTOR.

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2. MASSAWA-ASMARA RAILROAD CEASED OPERATION IN MID-JANUARY AS

RESULT OF LONG-STUDIED PROBLEM OF ECONOMIC FEASIBILITY. EIGHT HUNDRED REMAINING EMPLOYEES (DOWN FROM PEAK OF 2700) WERE THEN EITHER TRANSFERRED TO RAILWAY OR IN DJIBOUTI-ADDIS RAILROAD OR DISMISSED. CLOSURE OF RAILROAD WAS DUE TO REVENUE LOSSES WHICH HAVE OCCURRED OVER PERIOD OF LAST SEVERAL YEARS. BASIC INEFFICIENCY, COMBINED WITH RISING FUEL COSTS AND LIMITED CAPACITY OF LOCOMOTIVES, WERE DECISIVE FACTORS IN THIS CLOSURE AND NOT RPT NOT SPORADIC INSURGENT ACTIVITY DIRECTED HAPHAZARDLY AGAINST THIS RAILWAY LINK.

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3. PROBLEMS OF ROAD TRANSPORTATION WERE DISCUSSED WITH THE ADMINISTRATOR OF THE ROAD TRANSPORTATION ADMINISTRATION (RTA), HIS DEPUTY, LOCAL TRUCK OPERATORS, AND BANK OFFICIALS INVOLVED IN TRANSPORTATION PROBLEMS. ROADS IN ERITREA REMAIN INTACT ALTHOUGH SUBJECT AT ANY TIME TO HARASSMENT BY INSURGENTS. CURRENTLY THERE ARE THREE CONVOYS A WEEK TO MASSAWA AND THREE PER WEEK FROM MASSAWA, PRIMARILY TRANSPORTING FUEL. IN ADDITION, SUPPLEMENTARY CONVOYS CARRY OTHER COMMODITIES WHICH ARE IMPORTED AND EXPORTED VIA THIS ROAD. RTA ADMINISTRATOR STATES THAT THERE ARE AVERAGE OF TWO CONVOYS PER MONTH TO ADDIS AND TWO FROM ADDIS TO ASMARA. LIKEWISE, CONVOYS ARE ASSEMBLED ON AD HOC BASIS FOR TOWNS SUCH AS KEREN, TESSENNEY, AND DECAMERE. MAJOR OBSTACLE TO ROAD TRANSPORT EFFICIENCY IS INABILITY OR UNWILLINGNESS (FOR SECURITY REASONS) OF EPMG MILITARY AUTHORITIES TO NOTIFY RTA IN ADVANCE WHEN ESCORT WILL BE AVAILABLE FOR CONVOY DUTY. WITHOUT SCHEDULE OF CONVOY DEPARTURES, TRUCKS ARE LOADED AND REMAIN IDLE FOR WEEKS AWAITING ESCORT.

4. PERHAPS MOST CONTROVERSIAL ISSUE IN ROAD TRANSPORTATION

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AT PRESENT IS QUESTION OF SCHEDULING TRUCKS TO CARRY FREIGHT TO SPECIFIC DESTINATIONS. IN PAST, LARGE FIRMS SUCH AS

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MELOTTI, SAVA (GLASS COMPANY), AND BARATTOLO (TEXTILES) HAVE USED THEIR TRUCKS PRIMARILY FOR LOW-RISK RUNS AND CARRYING THEIR HIGH-YIELD COMMODITIES. SMALL OPERATORS, WHO OWN MAJORITY OF TRUCKS IN ERITREA, RESENTED HAVING TO MAKE HIGH-RISK RUNS TO NW AND SE REGIONS OF ERITREA. THIS RESENTMENT WAS FREQUENTLY MANIFESTED BY FALSELY CLAIMING THAT TRUCKS WERE INOPERATIVE OR HAD BEEN ASSIGNED TO OTHER DUTIES. SCHEDULING PROBLEM IS NOW BEING DEALT WITH BY RTA,

WHICH ATTEMPTS TO COMPENSATE TRUCKS WHICH HAVE HAD HIGH-RISK RUNS WITH MORE SECURE TRIPS TO MASSAWA OR ADDIS. LIKEWISE, RTA DISTRIBUTES FREIGHT TO BE CARRIED IN MORE EQUITABLE MANNER BETWEEN LOW-YIELD COMMODITIES, I.E. SALT, CEMENT, AND HIGH-YIELD FREIGHT, I.E. TEXTILES AND MANUFACTURED GOODS.

5. PRIOR TO JAN. 75 OUTBREAK OF HOSTILITIES, THERE WERE APPROXIMATELY 2,000 TRUCKS OPERATING IN ERITREA. AT PRESENT THAT NUMBER HAS BEEN DIMINISHED SIGNIFICANTLY BOTH BECAUSE OWNERS HAVE TRANSFERRED TRUCKS IN OTHER AREAS OF ERITREA,

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AND FROM LOSSESS CAUSED BY HOSTILITIES. IN ORDER TO OVERCOME SHORTAGES OF ROAD TRANSPORTATION CAPACITY, RTA HAS DIVIDED ETHIOPIA INTO FIVE SECTORS AND ASSIGNED SPECIFIC NUMBERS OF TRUCKS TO EACH SECTOR. SECTOR ONE IS ERITREA, WOLLO, TIGRE, BEGEMDIR; SECOTR TWO IS BALE, SIDAMO, GOMU GOFFA; SECTOR THREE IS HARGHE AND ARUSSI; SECTOR FOUR IS GOJAM AND WOLLEGA; SECTOR FIVE IS KOFFA AND ILLUBABOR. THIS EFFORT IS ATTEMPT TO PROVIDE NECESSARY TRANSPORTATION WITHIN EACH SECTOR IN ACCORDANCE WITH ITS COMMERCIAL IMPORTANCE TO ETHIOPIA. UNDER THIS SCHEME, SECTOR ONE WILL BE ASSIGNED 2,000 TRUCKS TO CARRY FREIGHT BETWEEN PRINCIPAL CITIES AND PORTS.

6. EPMG AUTHORITIES ARE DETERMINED TO TRANSPORT REMAINING 10,000 TONS OF SESAME SEED FROM HUMERA AS SOON AS POSSIBLE. DURING EARLY JANUARY, SOME 300 TRUCKS WERE SET ASIDE IN ASMARA FOR THIS TASK; HOWEVER, PROBLEMS OF AVAILABILITY MILITARY ESCORT AND OBTAINING INSURANCE RESULTED IN MANY OF THE 300 TRUCKS BEING ASSIGNED TO OTHER DUTIES IN ERITREA. CONFIDENTIAL

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TRANSPORTATION COSTS FOR THIS PROJECT HAVE NOW BEEN SET

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AT ETH \$24 PER QUINTAL, WHICH IS EXPECTED TO FORCE EXPORT PRICE OF SESAME SEED ABOVE WORLD MARKET PRICE. FURTHER CONCERN IS THAT, AS SESAME SEED DOES NOT STORE WELL, ENTIRE PROJECT MAY PROVE ECONOMIC FIASCO, UNLESS IT CAN BE REMOVED TO ASMARA FOR CLEANING AND PROPER STORAGE. SHERRY

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